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BUSINESS & LABOR

EXHIBIT NO. 2
DATE 1/7/09
BILL NO. SB 47, SB 54

January 6, 2009

TO: Members of the Senate Business and Labor and Economic Affairs Committee

FROM: Claudia Clifford, AARP Montana

RE: Support of SB 47 and SB 54 with proposed amendments, Revisions to the
Deferred Deposit and Title Loan Acts

Mr. Chairman and members of the House Business and Labor Committee, my name is Claudia Clifford, Advocacy Director of AARP Montana, a nonpartisan, non-profit organization with 165,000 members in this state. AARP Montana is concerned about fair lending practices and protection of the consumers of Montana. We encourage your approval of these bills only with proposed important amendments.

These bills were drafted at the request of the banking commissioner with the intent to protect more Montanans from predatory lending practices. They give the department greater authority to not issue or to not renew title loan or deferred deposit loan licenses. The bills, as written, achieve part of that goal: they punish fraudulent title and deferred deposit loan practices that lie on their applications, and they make Montana conform to national laws regulating these types of loans. Making applicants who have lied on their application wait one year to apply again is a good step, and further steps could be taken.

While these are movements in the right direction, the wording of the bill gives discretion to the department as to whether or not give a license to someone who has been convicted of fraud or financial dishonesty.

In the interest of consumer protection, no one should be issued a license that has been convicted of fraud or financial dishonesty, or found by the department to have been party to civil judgments involving fraud or financial dishonesty.

We strongly urge you to consider amending these bills to make it mandatory, rather than permissive, that licenses shall not be issued to someone with a history of fraud.

Thank you, and again we urge your approval of SB 47 and SB 54 with proposed amendments.

Suggested Amendments to SB 47

Revision to the Title Loan Act
Senator Steinbeisser

1. Title, line 5.

Strike: "TO ALLOW"

Insert: "REQUIRING"

2. Page 1 Line 17.

Strike: "may"

Insert: "shall"

The current language of the bill, with the use of "may," gives the department discretion over whether to issue a license to a person that has been convicted of a fraudulent act.

Changing the language to "shall" makes it clear that the department must deny a license to any person convicted of fraudulent activities.

The title must then be amended to reflect the changes.

Suggested Amendments to SB 54

Revision to the Montana Deferred Deposit Loan Act
Senator Steinbeisser

1. Title, lines 5 through 6.

Strike: "TO ALLOW"

Insert: "REQUIRING"

2. Page 1, line 22.

Strike: "may"

Insert: "shall"

The current language of the bill, again with the use of "may," gives the department discretion over whether to issue a license to a person that has been convicted of a fraudulent act.

Changing the language to "shall" makes it clear that the department must deny a license to any person convicted of fraudulent activities.

The title must then be amended to reflect the changes.